Application seeking to give effect to terms of any agreement under section 533(2)(*p*) and procedure for giving effect to decision under agreement.

121. (1) Where an assessee, who is a resident of India, is aggrieved by any action of the tax authorities of any country or specified territory outside India which, according to him, is not in accordance with the terms of agreement with such other country or specified territory, he may make an application to the competent authority of India seeking to invoke the mutual agreement procedure, if provided in such agreement, in Form No. 55.

(2) Where a reference has been received from the competent authority of any country or specified territory outside India under any agreement with that country or specified territory with regard to any action taken by any income-tax authority in India or by the tax authorities of such country or specified territory, the competent authority of India shall communicate its acceptance or non-acceptance for taking up the reference under mutual agreement procedure to the competent authority of the other country or specified territory.

(3) The competent authority of India shall, on issues contained in Form No. 55 or in the reference from the competent authority of a country or specified territory outside India,—

(*a*) call for the relevant records and additional document from the income-tax authorities or the assessee or his authorised representative in India; or

(*b*) have a discussion with such authorities or assessee or representative, to understand the actions taken by the income-tax authorities in India or outside that are not in accordance with the terms of the agreements between India and the other country or specified territory.

(4) The competent authority of India shall endeavour to arrive at a mutually agreeable resolution of the tax disputes, arising from such actions of the income-tax authorities, in accordance with the agreement between India and the other country or specified territory within an average time period of twenty-four months.

(5) In case the mutual agreement procedure is invoked on account of action taken by any income-tax authority in India, the resolution arrived at under sub-rule (4) in a tax year shall not result in decreasing the income or increasing the loss, as the case may be, of the assessee in India, as declared by him in the return of income of the said year.

(6) If a resolution is arrived at under sub-rule (4) between the competent authority of India and that of the other country or specified territory, the same shall be communicated in writing to the assessee.

(7) The assessee shall communicate his acceptance or non-acceptance of the resolution in writing to the competent authority of India within one month from the end of the month in which communication has been received under sub-rule (6).

(8) The acceptance of the resolution by the assessee shall be accompanied by proof of withdrawal of appeal, if any, pending on the issues that were the subject matter of the resolution arrived at under sub-rule (4).

(9) On receipt of acceptance under sub-rule (7), the competent authority of India shall communicate the resolution arrived at under sub-rule (4) and the acceptance by the assessee along with proof of withdrawal of appeal, if any, submitted by the assessee under sub-rule (8), to the Principal Chief Commissioner or the Chief Commissioner, as the case may be, who in turn shall forward it to the Assessing Officer.

(10) On receipt of communication under sub-rule (9), the Assessing Officer shall give effect to the resolution arrived at under sub-rule (4), by an order in writing, within one month from the end of the month in which the communication was received by him and intimate the assessee about the tax payable determined by him, if any.

(11) The assessee shall pay the tax as determined under sub-rule (10) within the time allowed by the Assessing Officer and shall submit the proof of payment of taxes to the Assessing Officer, who shall then proceed to withdraw the pending appeal, if any, pertaining to subject matter of the resolution under sub-rule (4), which was filed by the Assessing Officer or the Principal Commissioner or Commissioner or any other income-tax authority.

(12) A copy of the order under sub-rule (10), shall be sent to the competent authority of India and to the assessee.

(13) The amount of tax, interest or penalty already determined shall be adjusted in accordance with the resolution arrived at under sub-rule (4) and in the manner provided under the Act or the rules made thereunder to the extent that such manner is not contrary to the resolution arrived at.

(14) For the purposes of this rule, the "competent authority of India" means an officer authorised by the Central Government for the purposes of discharging the functions as provided under this rule.

Procedure to deal with requests for bilateral or multilateral advance pricing agreements.

122. (1) Where a person has made request for a bilateral or multilateral advance pricing agreement in an application filed in Form No. 51 in accordance with rule 106, the request shall be dealt with subject to provisions of this rule.

(2) The process for bilateral or multilateral advance pricing agreement shall commence only if the associated enterprise located outside India has initiated process of advance pricing agreement with the competent authority of the other country.

(3) On intimation of request of the applicant for a bilateral or multilateral agreement, the competent authority of India shall consult and ascertain willingness of the competent authority of other country or countries, as the case may be, for initiation of negotiation for this purpose.

(4) In case of willingness of the competent authority of other country or countries, as the case may be, the competent authority of India shall enter into negotiation in this behalf and endeavour to reach mutually acceptable terms with the competent authority of the other country or countries, as the case may be.

(5) Upon reaching an agreement after consultation, the competent authority of India shall formalise a mutual agreement procedure arrangement with the competent authority of other country or countries, as the case may be, and intimate the same to the applicant.

(6) In case of failure to reach agreement on mutually acceptable terms as mentioned in sub-rule (4), the applicant shall be informed of the same.

(7) The applicant shall not be entitled to be part of discussion between competent authority of India and the competent authority of the other country or countries, as the case may be, but the applicant may communicate or meet the competent authority of India for the purpose of entering into an advance pricing agreement.

(8) The applicant shall convey acceptance or otherwise of the agreement within one month from the end of the month in which communication has been received.

(9) If the applicant does not accept the agreement, it may,—

(*a*) continue the advance pricing agreement process without the benefit of the mutual agreement procedure; or

(*b*) withdraw the application in accordance with rule 107.

Maintenance and furnishing of information and document by constituent entity of an international group under section 171.

123. (1) Every person, being a constituent entity of an international group shall,—

(*a*) if the consolidated group revenue of the international group, of which such person is a constituent entity, as reflected in the consolidated financial statement of the international group for the accounting year, exceeds five hundred crore rupees; and

(*b*) the aggregate value of international transactions, —

(*i*) during the accounting year, as per the books of account, exceeds fifty crore rupees; or

(*ii*) in respect of purchase, sale, transfer, lease or use of intangible property during the accounting year, as per the books of account, exceeds ten crore rupees,

keep and maintain the following information and documents of the international group:—

(*A*) a list of all entities of the international group along with their addresses;

(*B*) a chart depicting the legal status of the constituent entity and ownership structure of the entire international group;

(*C*) a description of the business of international group during the accounting year including—

(*I*) the nature of the business or businesses;

(*II*) the important drivers of profits of such business or businesses;

(*III*) a description of the supply chain for the five largest products or services of the international group in terms of revenue and any other products including services amounting to more than 5% of consolidated group revenue;

(*IV*) a list and brief description of important service arrangements made among members of the international group, other than those for research and development services;

(*V*) a description of the capabilities of the main service providers within the international group;

(*VI*) details about the transfer pricing policies for allocating service costs and determining prices to be paid for intra-group services;

(*VII*) a list and description of the major geographical markets for the products and services offered by the international group;

(*VIII*) a description of the functions performed, assets employed and risks assumed by the constituent entities of the international group that contribute at least 10% of the revenues or assets or profits of such group; and

(*IX*) a description of the important business restructuring transactions, acquisitions and divestments;

(*D*) a description of the overall strategy of the international group for the development, ownership and exploitation of intangible property including location of principal research and development facilities and their management;

(*E*) a list of all entities of the international group engaged in development and management of intangible property along with their addresses;

(*F*) a list of all the important intangible property or groups of intangible property owned by the international group along with the names and addresses of the group entities that legally own such intangible property;

(*G*) a list and brief description of important agreements among members of the international group related to intangible property, including cost contribution arrangements, principal research service agreements and license agreements;

(*H*) a detailed description of the transfer pricing policies of the international group related to research and development and intangible property;

(*I*) a description of important transfers of interest in intangible property, if any, among entities of the international group, including the name and address of the selling and buying entities and the compensation paid for such transfers;

(*J*) a detailed description of the financing arrangements of the international group, including the names and addresses of the top ten unrelated lenders;

(*K*) a list of group entities that provide central financing functions, including their place of operation and of effective management;

(*L*) a detailed description of the transfer pricing policies of the international group related to financing arrangements among group entities;

(*M*) a copy of the annual consolidated financial statement of the international group; and

(*N*) a list and brief description of the existing unilateral advance pricing agreements and other tax rulings in respect of the international group for allocation of income among countries.

(2) The information and document specified in sub-rule (1) shall be furnished to the Joint Director referred to in rule 124(1), in Form No. 56, on or before the due date for furnishing the return of income as specified under section 263(1)(*c*).

(3) The constituent entity shall furnish Part A of Form No. 56 even if the conditions specified in sub-rule (1) are not satisfied.

(4) Where there are more than one constituent entities of an international group required to file the information and document in sub-rule (2), then Form No. 56 may be furnished by any one constituent entity, if,—

(*a*) the international group has designated such entity for this purpose; and

(*b*) the information has been conveyed in Form No. 57 to the Joint Director referred to in rule 124(1) in this behalf, thirty days before the due date of furnishing the Form No. 56.

(5) The information and documents specified in sub-rule (1) shall be kept and maintained for a period of nine years from the end of the relevant tax year.

(6) The rate of exchange for the calculation of the value in rupees of the consolidated group revenue in foreign currency shall be the telegraphic transfer buying rate of such currency on the last day of the accounting year.

(7) In this rule, —

(*a*) the expressions "accounting year", "consolidated financial statement" and "international group" shall have the meaning respectively assigned to them in section 511(10); and

(*b*) "telegraphic transfer buying rate" shall have the meaning assigned in rule 207.

Furnishing of report in respect of an international group under section 511.

124. (1) The income-tax authority for the purposes of section 511 shall be the Joint Director, as may be designated by the Director General of Income-tax (Systems).

(2) The notification under section 511(1) shall be made in Form No. 58 two months prior to the due date for furnishing of report as specified under sub-section (2) of the said section.

(3) Every parent entity or the alternate reporting entity, as the case may be, resident in India, shall, for every reporting accounting year, furnish the report referred to in section 511(2) in Form No. 59.

(4) The period for furnishing of the report under section 511(4) by the constituent entity, referred to in that sub-section shall be twelve months from the end of the reporting accounting year.

(5) In case the parent entity of the constituent entity is resident of a country or territory, where, there has been a systemic failure of the country or territory and the said failure has been intimated to such constituent entity, the period for submission of the report shall be six months from the end of the month in which said systemic failure has been intimated.

(6) The information required to be conveyed under section 511(5) regarding the designated constituent entity shall be furnished in Form No. 60.

(7) For the purposes of section 511(8), the total consolidated group revenue of the international group shall be six thousand four hundred crore rupees.

(8) Where the total consolidated group revenue of the international group, as reflected in the consolidated financial statement, is in foreign currency, the rate of exchange for the calculation of the value in rupees of such total consolidated group revenue shall be the telegraphic transfer buying rate of such currency on the last day of the accounting year preceding the accounting year.

(9) Any revision or correction in the report furnished in the Form No. 59 shall be made by furnishing an intimation to the Director General of Income-tax (Systems).

(10) For the purposes of this rule, —

(*a*) the expressions "accounting year", "consolidated financial statement" and "international group" shall have the meaning respectively assigned to them in section 511(10); and

(*b*) "telegraphic transfer buying rate" shall have the meaning assigned in rule 207.

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INCOME TAX DEPARTMENT

Furnishing of authorisation and maintenance of documents, etc. for the purposes of section 176.

125. (1) For the purposes of section 176(3)(*a*), the authorisation to be submitted by the assessee, shall be in Form No. 61.

(2) The assessee shall cause the first copy of the filled up Form No. 61 to be deposited with or transmitted to the financial institution referred in section 176(3)(*a*).

(3) The second copy of the filled up Form No. 61 along with the evidence of the first copy of said form having been deposited or transmitted to the financial institution shall be submitted by the assessee to the Assessing Officer having jurisdiction over him.

(4) For the purposes of ensuring that the authorisation in Form No. 61 is legally enforceable, the assessee shall take all necessary steps as are required under any law in force in India or outside India.

(5) For the purposes of section 176(3)(*b*), the assessee who has entered into a transaction with a person located in a notified jurisdictional area (herein referred to as the specified person) shall, in addition to information and documents referred to in rule 84(1), keep and maintain the following information and documents, namely:—

(*a*) a description of the ownership structure of the specified person, including name and address of individuals or other entities, whether located in the notified jurisdictional area or outside, having directly or indirectly more than 10% shareholding or ownership interests;

(*b*) a profile of the multinational group of which the specified person is a part along with the name, address, legal status and country of tax residence of each of the enterprises comprised in the group with whom the assessee has entered into a transaction, and ownership linkage among them;

(*c*) a broad description of the business of the specified person and the industry it operates in;

(*d*) any other information, data or document, which may be relevant for the transaction with the specified person.

(6) The information and documents specified in sub-rule (5) shall be for the period upto the due date of filing of return of income under section 263(1).

(7) The information and documents specified in sub-rule (5) shall be kept and maintained for a period of eight years from the end of the financial year succeeding the relevant tax year.

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INCOME TAX DEPARTMENT

Conditions and activities for finance company located in any International Financial Services Centre for section 177.

126. (1) For the purposes of section 177(7)(*b*), the finance company located in any International Financial Services Centre shall only carry out one or more of the following activities, namely:—

(*a*) lending in the form of loans, commitments and guarantees, credit enhancement, securitisation, or financial lease; or

(*b*) factoring and forfaiting of receivables; or

(*c*) functions of Global or Regional Corporate Treasury Centre such as borrowings, lending, hedging of currency or commodity risk or investments, cash management, structured credit, intra group financing, financial budgeting and similar other such treasury services and activities.

(2) The interest being paid by such finance company, being the borrower, in respect of any debt issued by a non-resident, shall be in foreign currency.

(3) For the purposes of this rule,—

(*a*) "finance company" means a finance company as defined in regulation 2(1)(*e*) of the International Financial Services Centres Authority (Finance Company) Regulations, 2021 made under the International Financial Services Centres Authority Act, 2019 (50 of 2019); and

(*b*) "International Financial Services Centre" shall have the meaning as assigned to it in section 2(*q*) of the Special Economic Zones Act, 2005 (28 of 2005).

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INCOME TAX DEPARTMENT

Determination of consequences of impermissible avoidance arrangement.

127. For the purposes of section 181, where a part of an arrangement is declared to be an impermissible avoidance arrangement, the consequences in relation to tax shall be determined with reference to such part only.

Chapter XI relating to General Anti Avoidance Rule not to apply in certain cases.

128. (1) The provisions of Chapter XI shall not apply to—

(*a*) an arrangement, where the aggregate tax benefit in the relevant tax year, to all the parties to the arrangement does not exceed a sum of three crore rupees;

(*b*) a Foreign Institutional Investor,—

- (*i*) who is an assessee under the Act;
- (*ii*) who has not taken benefit of an agreement referred to in section 159; and
- (*iii*) who has invested in listed securities, or unlisted securities, with the prior permission of the competent authority, in accordance with the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 made under the Securities and Exchange Board of India Act, 1992 (15 of 1992), in relation to such investments;

(*c*) a person, being a non-resident, in relation to investment made by him by way of offshore derivative instruments or otherwise, directly or indirectly, in a Foreign Institutional Investor;

(*d*) any income accruing or arising to, or deemed to accrue or arise to, or received or deemed to be received by, any person from transfer of investments made before the 1st April, 2017 by such person.

(2) Without prejudice to the provisions of sub-rule (1)(*d*), the provisions of Chapter XI shall apply to any arrangement, irrespective of the date on which it has been entered into, in respect of the tax benefit obtained from the arrangement on or after the 1st April, 2017.

(3) For the purposes of this rule,—

(*a*) "Foreign Institutional Investor" shall have the meaning assigned to it in the section 210(6)(*a*);

(*b*) "offshore derivative instrument" shall have the same meaning as assigned to it in the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 made under the Securities and Exchange Board of India Act, 1992 (15 of 1992);

(*c*) "Securities and Exchange Board of India" shall have the same meaning as assigned to it in section 2(1)(*a*) of the Securities and Exchange Board of India Act, 1992 (15 of 1992);

(*d*) "tax benefit", as defined in section 184(11) and computed in accordance with Chapter XI, shall be with reference to—

- (*i*) section 184(11)(*a*) to (*e*), the amount of tax; and
- (*ii*) section 184(11)(*f*), the tax that would have been chargeable had the increase in loss referred to therein been the total income.

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INCOME TAX DEPARTMENT

Notice and Forms for reference under section 274.

129. (1) For the purposes of section 274(1), before making a reference to the Commissioner, the Assessing Officer shall issue a notice to the assessee seeking objections, if any, as to the applicability of provisions of Chapter XI in his case.

(2) The notice referred to in sub-rule (1) shall contain the following:—

(*a*) details of the arrangement to which the provisions of Chapter XI are proposed to be applied;

(*b*) the tax benefit arising under the arrangement;

(*c*) the basis and reason for considering that the main purpose of the identified arrangement is to obtain tax benefit;

(*d*) the basis and the reasons why the arrangement satisfies the conditions in section 179(1)(*a*) to (*d*); and

(*e*) the list of documents and evidence relied upon in respect of clauses (*c*) and (*d*).

(3) The reference by the Assessing Officer to the Commissioner under section 274(1) shall be in Form No. 62.

(4) Where the Commissioner is satisfied that the provisions of Chapter XI are not required to be invoked with reference to an arrangement, he shall record his satisfaction regarding the applicability of the provisions of Chapter XI in Form No. 63 and issue directions to the Assessing Officer in Form No. 63, after considering—

(*a*) the reference received from the Assessing Officer under section 274(1); or

(*b*) the reply of the assessee in response to the notice issued under section 274(2).

(5) The Commissioner, before making a reference to the Approving Panel under section 274(4), shall,—

(*a*) record his satisfaction regarding the applicability of the provisions of Chapter XI in Form No. 64; and

(*b*) seek specific factual report in writing from the International Financial Service Centre Authority, where the assessee is an entity located in an International Financial Service Centre.

(6) The Commissioner or Principal Commissioner shall make a reference under section 274(4) to an Approving panel in Form No. 64 with such other documents as deemed fit, with all being submitted in four sets, either in Hindi or English.

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Time limits.

130. (1) For the purposes of section 274, the Commissioner shall—

(*a*) not issue directions under section 274(3) after the expiry of one month from the end of the month in which the date of compliance of the notice issued under section 274(2) falls;

(*b*) not make any reference to the Approving Panel under section 274(4) after the expiry of two months from the end of the month in which the final submission of the assessee in response to the notice issued under section 274(2) is received;

(*c*) issue directions to the Assessing Officer in Form No. 63,—

(*i*) in the case referred to rule 129(4)(*a*), within a period of one month from the end of month in which the reference is received by him; and

(*ii*) in the case referred to in rule 129(4)(*b*), within a period of two months from the end of month in which the final submission of the assessee in response to the notice issued under section 274(2) is received by him.

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INCOME TAX DEPARTMENT

Procedure before Approving Panel.

131. (1) Upon receipt of reference under rule 129, the Chairperson of the Approving Panel shall cause,—

(*a*) the reference to be circulated among the other members within seven days from the date of receipt of such reference; and

(*b*) a notice to be issued to both the Assessing Officer and the assessee, affording a reasonable opportunity of being heard, specifying therein the date and place of hearing.

(2) The meetings of the Approving Panel shall take place at such place as the Approving Panel may decide.

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INCOME TAX DEPARTMENT

Remuneration.

132. (1) For attending the meeting of an Approving Panel, the Chairperson and other members of the said Panel shall be entitled to—

(*a*) a sitting fee of Rs. 6000 per day; and

(*b*) travelling allowances including transportation charges for local travel and daily allowances (including accommodation) as admissible to an officer of the rank of Secretary to the Government of India.

(2) The expenditure of an Approving Panel shall be met from the budgetary grants of the Department of Revenue in the Ministry of Finance of the Central Government.

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INCOME TAX DEPARTMENT

Modes of payment for the purpose of section 187.

133. Every person, carrying on business or profession, if his total sales, turnover or gross receipts, as the case may be, in business or profession exceeds fifty crore rupees during the immediately preceding tax year shall provide facility for accepting payment through the following electronic modes, in addition to the facility for other electronic modes of payment, if any, being provided by such person:—

(*i*) Debit Card powered by RuPay;

(*ii*) Unified Payments Interface (UPI) (BHIM-UPI);

(*iii*) Unified Payments Interface Quick Response Code (UPI QR Code) (BHIM-UPI QR Code); and

(*iv*) Tier-III: Full KYC Central Bank Digital Currency wallets, P-CBDC, Wholesale or Cross-border CBDC.

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INCOME TAX DEPARTMENT

Exercise of option for taxation of royalty income from patent under section 194(1) [Table: Sl. No. 2].

134. (1) For the purpose of exercising the option for taxation of income as royalty in respect of a patent developed and registered in India, by an eligible assessee under section 194(1)[Table: Sl. No. 2], the eligible assessee shall furnish Form No. 65.

(2) The form referred to in sub-rule (1) shall be furnished on or before the due date specified in section 263(1)(*c*) for filing the return of income for the relevant tax year, if the option is exercised for that tax year.

Calculation of net winnings from online games for purpose of section 194(1) [Table: Sl. No. 5].

135. (1) Net winnings from online games during the tax year, for the purposes of section 194(1) [Table: Sl. No. 5], shall be calculated using the following formula:—

Net winnings = (A+D) – (B+C),

Where,—

A = aggregate amount withdrawn from the user account during the tax year;

B = aggregate amount of non-taxable deposit made in the user account by the assessee during the tax year;

C = opening balance of the user account at the beginning of the tax year; and

D = closing balance of the user account at the end of the tax year.

(2) Net winnings comprised in the first withdrawal during the tax year, for the purposes of section 393(3) [Table: Sl. No. 2], shall be calculated using the following formula:—

Net winnings = A – (B+C),

Where,—

A = amount withdrawn from the user account;

B = aggregate amount of non-taxable deposit made in the user account by the owner of such account during the tax year, till the time of such withdrawal; and

C = opening balance of the user account at the beginning of the tax year.

(3) Net winnings in the formula given in sub-rule (2) shall be zero, if the sum of amounts B and C is equal to or greater than the amount A.

(4) Net winnings comprised in each subsequent withdrawal during the tax year, for the purposes of section 393(3) [Table: Sl. No. 2], shall be calculated using the following formula:—

Net winnings = A – (B+C+E)

Where,—

A = aggregate amount withdrawn from the user account during the tax year till the time of subsequent withdrawal including the amount of such subsequent withdrawal;

B = aggregate amount of non-taxable deposit made in the user account by the owner of such account during the tax year, till the time of such subsequent withdrawal;

C = opening balance of the user account at the beginning of the tax year; and

E = net winnings comprised in the earlier withdrawal or withdrawals computed under sub-rule (2), or under this sub-rule, during the tax year till the time of subsequent withdrawal, if tax has been deducted in accordance with the provisions of section 393(3) [Table: Sl. No. 2] on winnings comprised in such withdrawal or withdrawals.

(5) Net winnings in the formula given in sub-rule (4) shall be zero, if the sum of amounts B, C and E is equal to or greater than the amount A.

(6) Net winnings comprised in the user account at the end of the tax year, for the purposes of section 393(3) [Table: Sl. No. 2], shall be calculated using the following formula:—

Net winnings = (A+D) – (B+C+E)

Where,—

A = aggregate amount withdrawn from the user account during the tax year;

B = aggregate amount of non-taxable deposit made in the user account by the owner of such account during the tax year;

C = opening balance of the user account at the beginning of the tax year;

D = closing balance of the user account at the end of the tax year; and

E = net winnings comprised in the earlier withdrawal or withdrawals computed under sub-rule (2) or (4), during the tax year, if tax has been deducted in accordance with the provisions of section 393(3) [Table: Sl. No. 2] on winnings comprised in such withdrawal or withdrawals.

(7) Net winnings in the formula given in sub-rule (6) shall be zero, if the sum of amounts B, C and E is equal to or greater than the sum of amount A and D.

(8) For the purposes of this rule,—

(*a*) "non-taxable deposit" means the amount deposited by the user in his user account and which is not taxable;

(*b*) "taxable deposit" means any amount deposited in the user account, which is not a non-taxable deposit and includes any amount paid directly to the user not through the user account; and

(*c*) "withdrawal" means any amount withdrawn by the user from any user account.

(9) For the removal of doubts, it is hereby clarified that—

(*a*) the user account shall include every account of user, by whatever name called, which is registered with the online gaming intermediary and where any taxable deposit, non-taxable deposit or the winnings made by the user is credited and withdrawal by the user is debited;

(*b*) whenever there is payment to the user in kind or in cash, or partly in kind and partly in cash, which is not from the user account, the provisions of this rule shall apply to calculate net winnings by deeming that the money equivalent to such payment has been deposited as taxable deposit in the user account and the equivalent amount has been withdrawn from the user account at the same time and shall accordingly be included in amount A;

(*c*) whenever there are multiple user accounts of the same user, each user account shall be considered for the purposes of calculating net winnings and the deposit, withdrawal or balance in the user account shall mean the aggregate of deposit, withdrawal or balance in all user accounts respectively;

(*d*) whenever there are multiple user accounts of the same user, transfer from one user account to another user account, maintained with the same online gaming intermediary, of the same user shall not be considered as withdrawal or deposit, as the case may be, for the purposes of deducting tax under section 393(3) [Table: Sl. No. 2];

(*e*) whenever there is taxable deposit in the form of bonus, referral bonus, incentives, promotional money or discount, by whatever name called, and such deposit can only be used for playing the online games and not for withdrawal or any other purposes, such deposit shall be ignored for the purposes of calculation of net winnings and shall not be included in amount B or C or D; and

(*f*) whenever any bonus, referral bonus, incentives, promotional money or discount, by whatever name called, is not considered as part of amount B or C or D under clause (*e*) and subsequently they are recharacterised and allowed to be withdrawn, they shall be deemed as taxable deposit at the time of such recharacterisation and it shall be deemed that the equivalent amount has been deposited in the user account at that time.

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Exercise or withdrawal of option for new tax regime.

136. The option to be exercised or withdrawn under the provisions specified in column B of the following Table, by a person specified in column C thereof, for any tax year shall be in the return of income to be furnished under section 263(1) for such tax year.

TABLE

Sl. No.	*Section*	*Person*
A	*B*	*C*
1.	199(3)	Manufacturing domestic company.
2.	200(5)	Domestic company.
3.	201(2)	New manufacturing domestic company.
4.	202(4)	Individual or Hindu undivided family, or an association of persons (other than a co-operative society) or a body of individuals, whether incorporated or not, or an artificial juridical person.
5.	203(5)	Resident co-operative society.
6.	204(2)	New manufacturing co-operative society.

Form of report for computation of book profit of companies.

137. The report of an accountant as defined under section 515(3)(*b*), which is required to be furnished by the assessee under section 206(1)(*s*) shall be made in Form No. 66.

Form of report for computation of adjusted total income by certain persons other than a company.

138. The report of an accountant as defined under section 515(3)(*b*), which is required to be furnished by the assessee under section 206(2)(*j*), shall be made in Form No. 67.

Computation of exempt income of specified fund attributable to units held by non-resident under Schedule VI [Table: Sl. Nos. 1 to 4] to Act.

139. (1) For the purposes of Schedule VI [Table: Sl. Nos. 1 to 4] to the Act, exempt income of specified fund attributable to units held by non-resident (not being the permanent establishment of a non-resident in India) shall be computed in accordance with the following formula:—

(A × r1) + (B × r2) + (C × r3) + (D × r4)

Where,—

A = any income accrued or arisen to, or received by a specified fund as a result of transfer of capital asset referred to in section 70(1)(*r*), on a recognised stock exchange located in any International Financial Services Centre and where the consideration for such transaction is paid or payable in convertible foreign exchange, as referred to in Schedule VI [Table: Sl. No. 1] to the Act;

B = any income accrued or arisen to, or received by a specified fund as a result of transfer of securities (other than shares in a company resident in India), as referred to in Schedule VI [Table: Sl. No. 2] to the Act;

C = any income accrued or arisen to, or received by a specified fund from securities issued by a non-resident (not being a permanent establishment of a non-resident in India) and where such income otherwise does not accrue or arise in India, as referred to in Schedule VI [Table: Sl. No. 3] to the Act;

D = any income accrued or arisen to, or received by a specified fund from a securitisation trust which is chargeable under the head "Profits and gains of business or profession", as referred to in Schedule VI [Table: Sl. No. 4] to the Act;

r1 = ratio of the aggregate of daily "assets under management" of the specified fund held by non-resident unit holders (not being the permanent establishment of a non-resident in India) to the aggregate of daily total "assets under management" of the specified fund, from the date of acquisition of the capital asset referred to in section 70(1)(*r*) to the date of transfer of such capital asset;

r2 = ratio of the aggregate of daily "assets under management" of the specified fund held by non-resident unit holders (not being the permanent establishment of a non-resident in India) to the aggregate of daily total "assets under management" of the specified fund, from the date of acquisition of the security (other than shares in a company resident in India) to the date of transfer of such security;

r3 = ratio of the "assets under management" in the specified fund held by non-resident unit holders (not being the permanent establishment of a non-resident in India) to the total "asset under management" of the specified fund, as on the date of receipt of such income from securities issued by a non-resident (not being a permanent establishment of a non-resident in India) and where such income otherwise does not accrue or arise in India; and

r4 = ratio of the "assets under management" in the specified fund held by non-resident unit holders (not being the permanent establishment of a non-resident in India) to the total "assets under management" of the specified fund, as on the date of receipt of such income from a securitisation trust which is chargeable under the head "Profits and gains of business or profession".

(2) The specified fund shall furnish an annual statement of exempt income in Form No. 68 electronically under digital signature on or before the due date specified under section 263(1)(*c*) and duly verified in the manner indicated therein.

(3) The income attributable to units held by a non-resident (not being the permanent establishment of a non-resident in India) in a specified fund shall not be exempt under section 11(1) read with Schedule VI [Table: Sl. Nos. 1 to 4] to the Act unless the specified fund complies with sub-rule (2).

(4) For the purposes of this rule, —

(*a*) "assets under management" means the closing balance of the value of assets or investments of the specified fund as on a particular date;

(*b*) "International Financial Service Centre" shall have the same meaning as assigned to it in section 2(*q*) of the Special Economic Zones Act, 2005 (28 of 2005); and

(*c*) the expressions "permanent establishment", "securities", "specified fund" and "unit" shall have the meanings respectively assigned to them in Note 1 below Schedule VI of the Act.